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E.O. 12958: DECL: 2020/01/28
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SUBJECT: Signs of Life: A New ARENA Strategy Takes Shape

CLASSIFIED BY: RBlau, CDA, DOS; REASON: 1.4(D)

11. (C) Summary: Former (conservative) ARENA presidential hopeful, Luis Mario Rodriguez, told PolOffs the party is formulating a new strategy to confront two main challenges: opposing the hard-line FMLN's agenda and resisting the corrupting influence of former President Tony Saca. Rodriguez spoke highly of President Mauricio Funes, whose Friends of Mauricio/Citizen Movement for Change organization he believes could be ARENA's ally for the 2014 presidential election. ARENA finally appears to be taking steps to make the necessary course corrections to fix the problems that led to its defeat and subsequent turmoil in 2009. End Summary.

12. (C) Luis Mario Rodriguez, former Legal Advisor to President Tony Saca and ARENA presidential hopeful in 2008, told PolOffs January 28 that his party is applying lessons learned from its 2009 presidential election defeat and subsequent internal strife to develop a new strategy. Rodriguez, who sided with the party in its ongoing dispute with former President Saca, said ARENA leaders see the party fighting on two fronts: against the hard-line FMLN and against Saca and the party rumored to be on his payroll after splitting from ARENA, the Grand Alliance for National Unity (GANU). To confront these challenges, Rodriguez believes ARENA will need its strongest, most experienced members to continue to lead, despite the message it might send to critics who say those old guard members favor the economic elite and refuse to relinquish power to a new generation of leaders. Rodriguez said the party would alleviate this criticism by publicly acknowledging past mistakes, adjusting its platform to allow for more equitable tax and spending policies, and answering President Funes's call for a national consensus on public security.

13. (C) Rodriguez lauded President Funes's performance to date, saying Funes had made strides toward winning the confidence of El Salvador's private sector. He said ARENA President (and former Salvadoran president from 1989-94) Alfredo Cristiani maintains a good working relationship with Funes and that the two sides meet regularly on a variety of issues. Rodriguez believes that ARENA's support for Funes and his ongoing dispute with the FMLN could open the door to a convergence of interests between Funes's (non-FMLN) supporters and ARENA for the 2014 presidential election.

14. (C) In a sign of just how controversial former President Saca remains inside ARENA, Rodriguez also said he and others in ARENA were alarmed by Honduran President Pepe Lobo's praise for Tony Saca in his January 27 inauguration address. Rodriguez said Salvadoran private sector representatives warned Lobo about Saca's controversial reputation at a recent meeting in Guatemala. However, press reports indicate that in addition to Saca, Lobo invited former President Calderon Sol, a Saca critic, to the inauguration as well.

15. (C) Comment: The way forward outlined by Rodriguez is the first sign that ARENA's leadership is taking concrete steps to recover from its disastrous passivity in the face of its electoral defeat in March 2009 and the damage done by former President Saca and his supporters. We are encouraged that ARENA's leaders appear to recognize the GOES needs to address El Salvador's huge wealth disparities, and that it can do so without resorting to the radical

measures advocated by FMLN hard-liners. More importantly, we are relieved that after almost a year of internal turmoil, ARENA's leadership is finally taking steps to move beyond the post-election confusion brought on by GANA's breakaway and the subsequent expulsion of former President Saca. ARENA can now begin to play the essential role of loyal opposition and find a way to support President Funes in his struggle with FMLN hard-liners.

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